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FINANCIAL GOVERNANCE AND ACCOUNTABILITY OF VILLAGE-OWNED ENTERPRISES IN PROMOTING COMMUNITY ECONOMIC INDEPENDENCE

Yunita Fourina Dewi[1], Susilawati[2], Eljawati[3]

[1,2]Universitas Nurtanio, Bandung, Indonesia
[3]Institut Pemerintahan Dalam Negeri, Indonesia
yunitadewi@unnur.ac.id, susilawati@unnur.ac.id, eljawati@ipdn.ac.id

Abstract

This study aims to analyze in depth the implementation of financial governance and accountability of Village-Owned Enterprises (BUMDes) in Bogor Regency, as well as its impact on social trust and community economic independence. Using a qualitative method with a descriptive-analytical case study design, data were collected through in-depth interviews with 5 key informants (BUMDes Director, Treasurer, BPD, MSMEs, and DPMD), observations, and documentation of financial reports. Data analysis was conducted interactively including data condensation, data presentation, and drawing conclusions based on Stewardship Theory and the concept of hybrid organizations. The results show that BUMDes governance in Bogor Regency has not been running professionally due to strong local political intervention from the Village Government and weak management independence. From an accountability aspect, most BUMDes have not adopted SAK EMKM due to limited technical capacity of human resources. The practice of closed financial reporting and mere bureaucratic formalities creates acute information asymmetry. The impact is a crisis of social trust from the community that triggers apathy and breaks the village economic value chain, so that the target of encouraging economic independence of residents has not been optimally achieved. As a solution, this study reconstructs a participatory accountability model that integrates accounting standards compliance with Sundanese local wisdom (Silih Asih, Silih Asah, Silih Asuh). Radical information transparency and the separation of village political-business boundaries are key to restoring public legitimacy and driving sustainable citizen economic participation.
Keywords: Financial Accountability, BUMDes, Economic Independence, Local Wisdom, Social Trust.

INTRODUCTION

The current challenge of global economic development rests on the ability to mobilize the domestic sector through strengthening community-based economic institutions (Sachs et al., 2021). In various developing countries, financial inclusion and economic independence of rural communities are often hampered by limited access to capital, weak infrastructure, and minimal local institutional capacity (World Bank, 2023). This phenomenon demands the existence of an economic entity that is not only profit-oriented but also carries a social mission to optimize local potential in a sustainable manner. Rural-based economic institutions are expected to be able to act

as catalysts that bridge the economic gap between urban and rural areas, while also serving as a key pillar in mitigating structural poverty at the grassroots level (Barraket et al., 2024).

In the Indonesian context, the shift in development paradigm from centralized to decentralized has positioned villages as the primary subjects of development through the establishment of Village-Owned Enterprises (BUMDes). BUMDes possess unique characteristics that fundamentally differentiate them from commercial business entities such as PT, CV, or Cooperatives. BUMDes' uniqueness lies in their hybrid organizational structure, where the primary capital is sourced from separated village assets, their oversight directly involves the community representative body (BPD), and their objective is to balance the accumulation of economic profit with the village's social welfare (Suryanto et al., 2022; Sofyani et al., 2023). However, in their implementation in Indonesia, many BUMDes have stagnated, even stalled. A report from the Ministry of Villages shows that thousands of BUMDes have failed to contribute to Village Original Income (PADes) due to classic problems: weak management commitment, local political intervention, and the failure of organizational control functions (Kemedesa PDTT, 2024).

This problem is clearly evident in Bogor Regency, West Java. As a region with a large and heterogeneous number of villages, Bogor Regency has complex BUMDes dynamics. While some BUMDes in the urban buffer zone have shown rapid asset growth, the majority of BUMDes in remote rural areas of Bogor Regency still face serious challenges related to financial governance and accountability (DPMD Bogor Regency, 2025). Many BUMDes administrators in this region have not yet implemented transparency principles; annual financial reports are often submitted late, do not meet MSME accounting standards, and are rarely made public during Village Deliberations (Musdes). This has led to a crisis of trust among local residents, ultimately crippling community participation in utilizing BUMDes business units, thus making the goal of promoting economic independence far from reality (Pratama & Wijaya, 2024).

Recognizing this urgency, this study places an in-depth evaluation on the financial governance system (good village corporate governance) and accountability mechanisms as a form of "conceptual treatment/intervention" to identify the root of the problem. The choice of intervention on governance and accountability aspects is based on the argument that the failure of BUMDes in Bogor Regency lies not in a lack of physical capital, but rather in the fragility of financial stewardship (Donaldson & Davis, 1991; Nugraha et al., 2023). By intervening and analyzing administrative compliance, information transparency, and management responsiveness to residents' economic rights, this study seeks to formulate an ideal governance formula capable of transforming BUMDes from mere "administrative projects" into social business institutions that are accountable and trusted by the public.

A state-of-the-art (SOTA) analysis of the most in-depth literature shows that studies on Village-Owned Enterprises (BUMDes) are generally fragmented into two categories. The first focuses on formal legal aspects and the quantitative contribution of BUMDes to Village-Owned Enterprises (PADes) (Ramadana et al., 2022; Utami & Saputra, 2023). The second focuses on analyzing economic potential and mapping village tourism businesses (Widiastuti et al., 2021; Handayani, 2024). These previous

studies largely position accountability merely as an end-of-year administrative obligation to local governments, rather than as a strategic instrument with a direct causal relationship to the economic behavior of village communities.

This is where the research gap and novelty of this study lie. Few qualitative studies have conceptualized financial accountability beyond merely fulfilling paper reports, but rather as a relational mechanism that builds community social trust, which then drives their economic independence. The novelty of this research lies in the integration of Stewardship Theory with the local cultural realities of the Sundanese community in Bogor Regency in managing village businesses. Therefore, the purpose of this study is to comprehensively analyze how the implementation of financial governance and accountability of BUMDes in Bogor Regency, and how such accountability can eliminate public distrust and stimulate the economic independence of local communities.

The urgency of this research is crucial, both theoretically and practically. Theoretically, this research enriches the literature on public sector accounting and social business management, particularly in expanding the scope of stewardship theory in hybrid organizations at the rural level. Practically, the results of this study provide strategic recommendations for the Bogor Regency Government and the Regional Development Planning Agency (DPMD) in formulating targeted BUMDes development policies, and serve as operational guidelines for BUMDes managers in developing a participatory accountability system to restore community economic confidence.

Although this study uses a qualitative approach that prioritizes in-depth exploration of phenomena, the conceptual framework developed still leads to the development of theoretical propositions that serve as "qualitative hypotheses." Based on the literature review, the proposed research proposition is: The application of transparent governance principles and participatory financial accountability in BUMDes will increase community social trust, which in turn positively encourages active citizen participation in the village business ecosystem and accelerates local economic independence. The development of this proposition is based on the premise that when financial accountability is enforced, the risk of information asymmetry and conflicts of interest can be minimized, thereby creating a village business environment conducive to the growth of community MSMEs (Aditya & Rahmawati, 2023).

RESEARCH METHODS

This research uses a qualitative approach with a descriptive-analytical case study design to explore in-depth the phenomenon of governance and financial accountability of Village-Owned Enterprises (BUMDes) in promoting community economic independence. The qualitative approach was chosen because it is able to provide a holistic, contextual, and nuanced understanding of how the principles of good village corporate governance are implemented in daily financial reporting practices. The research location was determined purposively in Bogor Regency, West Java. This location selection is based on the characteristics of Bogor Regency which has a heterogeneous level of contrasting village development, ranging from BUMDes in developed urban buffer zones to independent rural areas in remote areas, thus

being able to present a rich variety of data regarding institutional accountability challenges.

The selection of informants or research subjects was carried out using purposive sampling techniques combined with snowball sampling. The main criteria for selecting informants were parties directly involved and possessing authority and in-depth understanding of BUMDes financial governance. Key informants in this study included the BUMDes Director, BUMDes Treasurer, Village Head as BUMDes Commissioner/Advisor, and representatives from the Village Consultative Body (BPD) as an external supervisory function. To confirm the impact of this governance on community economic independence, researchers also identified supporting informants consisting of BUMDes partner MSMEs, community leaders, and representatives from the Bogor Regency Community and Village Empowerment Office (DPMD) to gain a macro perspective on ongoing regulations and guidance.

Data collection was conducted through three main complementary techniques to ensure data validity: in-depth interviews, passive participant observation, and documentation. In-depth interviews were conducted using a semi-structured interview guide. This aimed to provide researchers with space to explore sensitive issues related to budget transparency, conflicts of interest, and accounting human resource capacity constraints without losing focus on the research substance. The interviews were recorded using a digital recorder after obtaining informed consent from the informants. Meanwhile, observations were conducted on the daily business processes of the Village-Owned Enterprise (BUMDes), accountability mechanisms in Village Deliberations (Musdes), and interactions between financial transaction services and the local community.

Documentation techniques are rigorously applied by collecting official documents relevant to financial governance. These documents include the BUMDes Articles of Association and Bylaws (AD/ART), the BUMDes Revenue and Expenditure Budget Plan (RAPB-BUMDes), quarterly or annual financial accountability reports, daily transaction records, and supporting documents such as the BUMDes profile and village-level regulations (Peraturan Desa). These documents are important not only as secondary data sources but also as primary instruments for cross-checking what informants stated in interviews with the physical administrative evidence presented in official financial reports.

To ensure the validity and validity of the collected qualitative data, the researcher applied triangulation techniques. The triangulation used included source triangulation and technical triangulation. Source triangulation was conducted by comparing and cross-checking the degree of trustworthiness of information obtained through different time periods and tools in qualitative methods, for example comparing the statement of the BUMDes Director with the explanation of the BPD Chair and the PMD Office. Meanwhile, technical triangulation was conducted by checking data from the same source with different techniques, namely matching interview data regarding accounting compliance with evidence stated in financial report documents and field observations. In addition to triangulation, the researcher also conducted member checks, namely reconfirming draft interview transcripts or temporary conclusions with informants to avoid subjective bias.

The data analysis in this study follows the interactive model developed by Miles, Huberman, and Saldaña, which consists of three simultaneous activity streams: data condensation, data display, and conclusion drawing/verification. In the data condensation stage, researchers summarized, selected, and focused on key points, discarding interview data or documents irrelevant to the issues of governance, accountability, and economic independence. The condensed data were then grouped into thematic clusters using conceptual coding techniques.

The next stage is data display, where the data is systematically arranged in the form of narrative-analytical text, supplemented with a relationship matrix or flowchart if necessary, to demonstrate how transparent governance influences public trust and the effectiveness of economic empowerment programs. The final stage is conclusion drawing and verification, where the meanings emerging from the data are tested for their accuracy, robustness, and appropriateness through field notes and discussions within the research team. Initial, loose conclusions will be continuously verified throughout the research until a solid conclusion is obtained that can comprehensively answer the research questions regarding the BUMDes accountability model in Bogor Regency.

RESEARCH RESULT

Typology and Characteristics of Village-Owned Enterprises (BUMDes) Governance in Bogor Regency

The implementation of governance in Village-Owned Enterprises (BUMDes) in Bogor Regency shows structural variations that are strongly influenced by geographic proximity to urban centers and the human resource capacity of their managers. Based on the results of field investigations, the current governance has not fully adopted the principles of good village corporate governance but remains adaptive-traditional. As a hybrid organization, BUMDes in Bogor Regency is caught between the demands of commercial business professionalism and the fulfillment of socio-political functions accommodated by the Village Government. This unique structure creates a dualism of interests that often slows strategic decision-making. On the one hand, BUMDes managers are required to generate net profits to support Village Original Income (PADes), but on the other hand, intervention from the Village Head as an advisor or commissioner remains very dominant, especially in determining the type of business unit and absorbing local labor, often ignoring business feasibility analysis.

This governance situation was underscored by a statement from the Director of a Village-Owned Enterprise (BUMDes) in one of the villages within the Bogor Regency buffer zone, who complained about the weak operational independence of the institution he led. In an in-depth interview, he stated:

> *"We're in a difficult position. By law, we're supposed to be professional, like a PT (Limited Liability Company), seeking profit and managing assets independently. But in practice, every strategic policy, from allocating new business units to appointing unit administrators, must be approved by the Village Head. Sometimes, business units are decided upon not because of their potential, but because of political favors or to accommodate the successful team from the last village head election. As a result, our governance is sluggish and biased by interests."* (Informant 1, Director of BUMDes, Interview October 2025).

This phenomenon of local political dominance over BUMDes governance confirms that the implementation of the principle of independence in corporate governance remains a major challenge at the village level. Appointing administrators based not on competence (a merit system) but rather on kinship or political patronage has left BUMDes' organizational structure fragile. This is exacerbated by the lack of a clear separation of functions between operational management and oversight. The Village Consultative Body (BPD), which by regulation acts as an external oversight body representing the community, often lacks an adequate understanding of corporate governance. As a result, its functional oversight function remains a mere formality, limited to attending the year-end Village Deliberation (Musdes) without critically evaluating management performance throughout the year.

Financial Accountability: Between Formal Compliance and MSME Accounting Standards

The financial accountability dimension of Village-Owned Enterprises (BUMDes) in Bogor Regency remains at the level of vertical-formal accountability to fulfill administrative obligations to higher-level governments, and has not yet reached horizontal accountability to the public. Most BUMDes have not adopted the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in preparing their financial reports. Financial recording carried out by treasurers generally still uses a very simple single-entry system, namely simply recording incoming and outgoing cash without adjusting entries, financial position reports (balance sheets), or comprehensive profit and loss reports. This technical weakness causes the validity of the presented financial data to be questioned, thus complicating the audit process, both by internal village supervisors and the Regional Inspectorate.

The treasurer of a village-owned enterprise (BUMDes) in West Bogor candidly acknowledged the limited technical competence required to prepare accountable financial reports. He explained the real-world challenges he faces:

> *"I don't have an accounting background, I'm only a high school graduate. So, to be honest, if we were asked to create financial reports using the SAK EMKM standard or a complicated computer application, we wouldn't be able to. The records I keep are like a regular cash book, the important thing is to know how much capital came in, what expenses were for purchases, and what the remaining balance is. We know this isn't standard, but the village has never provided any special, intensive training, at most just a one-day socialization from the office, after which we are let go again."* (Informant 2, BUMDes Treasurer, Interview November 2025).

This situation reflects a wide gap between regulations demanding high accountability and the reality of human resource capacity in rural areas. The inability to provide reliable and timely financial reports has resulted in information asymmetry between BUMDes managers, the village government, and the community. When financial reports are difficult to understand, there is ample scope for misappropriation of funds or budget inefficiency. This low financial accountability has raised suspicions from supervisory bodies. Representatives of the Village Consultative Body (BPD) stated that the lack of access to detailed monthly or quarterly financial reports makes it difficult for them to effectively carry out their social control function.

> "Every year-end at the Village Consultative Assembly (Musdes), we are presented with an accountability report by the BUMDes management. But

the report is very general, just a bunch of big numbers without any expenditure notes or profit details per business unit attached. When we ask for transparency of digital data or daily assistant books, the management always says it's not ready yet or that it's an internal management matter. How can we verify the data if it's being withheld? This leads the community to assume there's something wrong with the management of village funds." (Informant 3, BPD Member, Interview November 2025).

Social Trust Crisis Due to Weak Transparency

A direct consequence of weak governance and low financial accountability is the collapse of social trust among village communities in Village-Owned Enterprises (BUMDes). From the perspective of Stewardship Theory, BUMDes managers should act as trustworthy stewards, managing assets for the benefit of the principal (the village community). However, when transparency is neglected, the community views BUMDes not as a collectively owned institution, but rather as an "exclusive project" of a select group of village elites. This crisis of trust manifests itself in community apathy toward programs launched by BUMDes. Residents are reluctant to participate in the business units they operate, refuse to use BUMDes services, and are reluctant to pay their obligations if they are involved in a profit-sharing partnership.

The impact of this breakdown in social trust is directly felt by Micro, Small, and Medium Enterprises (MSMEs) in Bogor Regency, the targets of empowerment. A local MSME representative expressed his negative view of the existence of BUMDes (Village-Owned Enterprises) in his village:

"*Initially, we really hoped that the Village-Owned Enterprise (BUMDes) could help market our chips and handicrafts, or provide affordable capital loans. But in reality, access to these funds was difficult unless we were relatives of the administrators. Furthermore, we never knew where the billions of BUMDes funds from the village fund were going, because there was never a transparency notice board or financial report leaflets distributed to residents. Because of the lack of transparency, we became reluctant to participate in BUMDes programs. We preferred borrowing from mobile banks or external cooperatives, even though the interest rates were higher, because the process was clear and free from village political drama.*" (Informant 4, Village MSME Actor, Interview December 2025).

The above statement demonstrates that the loss of social trust directly sever the economic chain between BUMDes and local communities. When communities choose to withdraw from the BUMDes ecosystem, the BUMDes' function as an instrument of financial inclusion and local economic stimulation is automatically paralyzed. BUMDes business units, such as village shops, waste processing, or village tourism destinations, ultimately become deserted and experience persistent operational losses due to the loss of their primary customer base, namely the villagers themselves.

Impact on Community Economic Independence: Reality versus Expectations

The failure to uphold accountability and build social trust has resulted in the failure to achieve the primary goal of establishing Village-Owned Enterprises (BUMDes), which is to promote sustainable community economic independence. Ideally, economic independence is characterized by reduced community dependence on government social assistance, the growth of new entrepreneurs, increased per

capita income through the utilization of local potential, and the creation of new jobs in the village. However, field data in Bogor Regency shows the opposite. Many BUMDes business units have actually closed down similar businesses that had long been independently established by local residents due to unhealthy price competition, rather than serving as a forum for aggregation and development.

The Bogor Regency Community and Village Empowerment Agency (DPMD) confirmed that the contribution of Village-Owned Enterprises (BUMDes) to regional macroeconomic independence remains very minimal and concentrated in only a handful of villages that are structurally independent. A DPMD representative presented a comprehensive evaluation of this issue:

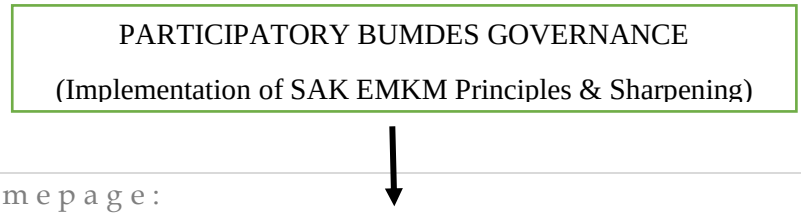
> *"We conduct routine evaluations, and the results are quite concerning. Of the hundreds of BUMDes registered in Bogor Regency, less than twenty percent are truly healthy and capable of providing Village Original Income (PADes) and having a real impact on the residents' economy. The rest fall into the 'existing but non-existent' category, aka suspended animation. The root of the problem goes back to poor financial management. Much business capital is spent on operational costs for management and investment in stalled assets. If their finances are leaky and unaccountable, how can they empower the community and create economic independence? Instead, they burden village finances."*(Informant 5, Bogor Regency DPMD Official, Interview January 2026).

Discussion and Reconceptualization of Participatory Accountability Model Based on Local Culture

The findings of this study confirm that restoring the function of Village-Owned Enterprises (BUMDes) in promoting community economic independence requires a radical reconstruction of the accountability model. Accountability should no longer be narrowly defined as simply submitting formal financial reports to the sub-district head or the Village Development Agency (PMD) at the end of the fiscal year (vertical-bureaucratic accountability). BUMDes in Bogor Regency must shift its paradigm toward participatory accountability, which encompasses the horizontal-social realm. This means that the community must be positioned as the ultimate shareholder, entitled to regular, transparent, and easily understood financial information.

In the context of the Bogor Regency community, which is steeped in Sundanese culture, the internalization of local wisdom values such as Silih Asih, Silih Asah, Silih Asuh (Mutual Love, Mutual Intelligence, Mutual Care), and the principle of Guyub (Mutual Cooperation) can be integrated as a moral foundation for financial governance. The Silih Asah principle, for example, can be realized through the commitment of BUMDes managers who have better accounting capacity to educate and mentor village MSMEs regarding financial management. Meanwhile, the Silih Asuh principle is implemented in the form of information transparency and the willingness of administrators to be openly criticized through community discussion forums outside the formal Musdes mechanism.

The integration between strict financial accountability and Sundanese local wisdom values is depicted in the Relational Governance Model in Figure 1 below:





Source: Research Data Processing Results

Figure 1. Participatory Accountability Causality Model in Encouraging Economic Independence

The relational model above clearly demonstrates a strong qualitative causal relationship. When Village-Owned Enterprises (BUMDes) implement transparent financial governance, the risk of information asymmetry can be minimized. Eliminating these information barriers automatically eliminates prejudice and political suspicion at the village level, thereby rebuilding community social trust. This restored social trust is the primary fuel for active community economic participation. Residents will voluntarily invest their savings in BUMDes, become customers of savings and loan units, supply MSME products to BUMDes stores, and collectively manage village tourist destinations. This circulation of capital within the village ultimately organically creates community economic independence, increases purchasing power, and frees villages from dependence on central government transfers. Thus, financial accountability is no longer merely a cold accounting instrument, but rather a socio-economic bridge that revitalizes the BUMDes's reputation as a key pillar of the people's economy.

DISCUSSION

Deconstructing Hybrid Organizations: The Dialectic of BUMDes' Social and Commercial Missions

The main findings of this study indicate acute institutional tensions within the Village-Owned Enterprises (BUMDes) in Bogor Regency due to their status as hybrid

organizations. Theoretically, hybrid organizations are designed to unite two conflicting logics: a market logic oriented toward profit maximization, and a social logic oriented toward public service and community development. However, at the research site, the combination of these two logics does not operate symbiotically, but instead triggers role conflicts that compromise management professionalism. BUMDes administrators often experience goal disorientation due to the ambiguity of the success indicators set by the Village Government. When BUMDes focus on pursuing profits to contribute to Village Original Income (PADes), they are criticized by residents for being too commercial and not pro-local MSMEs. Conversely, when BUMDes prioritize social functions by tolerating delays in repayment of capital loans for the poor, the BUMDes' financial liquidity is disrupted, which is then deemed a failure by the Inspectorate or the Regional Government because it causes financial losses to the state.

This logical inconsistency is further exacerbated by the strong local political intervention of the Village Head as a commissioner or advisor. From a village political economy perspective, the Village Head often utilizes the Village-Owned Enterprise (BUMDes) not as an objective economic driver for residents, but rather as an instrument for distributing political-economic incentives to his supporters (clientelism). Politically biased management appointment policies and business unit procurement policies that are not based on thorough market research are clear implications of the organization's failure to define the limits of advisory intervention. As a result, BUMDes governance in Bogor Regency has lost its operational agility and is trapped in chronic budget inefficiency. An ideal hybrid organization should have strong managerial autonomy to protect its business interests, while maintaining social accountability through an independent oversight mechanism from a representative institution such as the BPD. Without a clear demarcation between the village political sphere and the sphere of business professionalism, BUMDes will invariably end up as an unproductive extension of the village bureaucracy.

Financial Accountability Failure from the Perspective of Stewardship Theory

When analyzed using Stewardship Theory, the behavior of BUMDes managers in Bogor Regency shows fundamental deviations from the theory's basic assumptions. Stewardship Theory views managers or organizational administrators as stewards who naturally act with integrity, responsibility, and align their goals with the interests of capital owners or the community (principals). However, empirical reality in the field shows that the failure of BUMDes to prepare reliable financial reports based on SAK EMKM has triggered the emergence of opportunistic behavior or at least the tolerance of information uncertainty (asymmetry of information). The absence of standardized accounting records is not solely caused by technical factors due to the low education of administrators, but also reflects the weak culture of institutional accountability at the village level, which has become comfortable with an informal, personal trust-based financial management system.

The single-entry cash bookkeeping system practiced by most village-owned enterprise (BUMDes) treasurers in Bogor Regency has reduced accountability to a mere year-end administrative routine, evading formal legal obligations. This partial and closed accountability contradicts the spirit of stewardship, which demands

complete transparency of information to build long-term relationships of trust. When BUMDes administrators refuse to publish details of daily ledgers or expenditure notes, citing internal confidentiality, they are in effect undermining the organization's greatest social capital: public legitimacy. Without transparent and auditable financial reports, the community, as collective capital owners, loses the ability to assess whether the stewards are working for the benefit of the village or for the benefit of a particular group. This failure of accountability ultimately triggers a behavioral shift from trustworthy stewards to self-interested actors, a common theme in Agency Theory.

Institutional Isomorphism: Why Is Accounting Training Ineffective?

The finding regarding the inability of management to implement SAK EMKM despite having received socialization or training from the relevant agencies can be analyzed sharply using Institutional Theory, specifically the concept of isomorphism. Isomorphism explains the tendency of organizations to become uniform in terms of structure and practice due to external environmental pressures. In the case of BUMDes in Bogor Regency, the adoption of regulations regarding the obligation of standard financial reporting SAK EMKM tends to be coercive isomorphism, namely coercion from above through ministerial regulations and regional regulations without considering the readiness of the ecosystem at the lower level. The local government demands that BUMDes use a specific financial report format for easy consolidation in the regional financial report, but this demand is instrumentalistic and not accompanied by ongoing mentoring.

The failure of accounting training to date has been due to the mimetic isomorphism approach (blank imitation) without internalization of values. Training is delivered quickly and uniformly across all villages, ignoring the differences in basic human resource capacity between digitally literate urban buffer villages and technologically challenged remote villages. When administrators return to their villages, they encounter technical obstacles and lack support systems such as user-friendly accounting software or specialized village financial advisors. As a result, the organization reverts to its old, informal patterns. This situation demonstrates that improving the financial accountability of Village-Owned Enterprises (BUMDes) cannot be achieved simply by providing lectures or one-day training sessions. Instead, it requires a restructuring of the inherent coaching system, the provision of adequate information technology infrastructure, and a standardized recruitment process for BUMDes administrators free from local political interference.

The Weakening Spiral: The Impact of Loss of Social Trust on the Village Economic Value Chain

An equally crucial discussion is how weak financial accountability creates a domino effect, a downward spiral of weakening village economies. When transparency is neglected, negative perceptions or social distrust emerge from the community. In socioeconomic studies, social trust is the lubricant for efficient economic transactions. When this trust is lost, transaction costs within the village economic ecosystem skyrocket. Local MSMEs are reluctant to store their products at BUMDes outlets for fear of dishonest or late payment systems. On the other hand, residents refuse to use irrigation, waste management, or village market services

managed by BUMDes because they feel the money they pay will only benefit a handful of administrators and will not be returned to village development.

The community's apathy and withdrawal from the BUMDes ecosystem has severed the economic value chain that should have been built. BUMDes, designed as aggregators of local products, have ultimately experienced a shortage of high-quality commodities supplied by the community itself. Village tourism businesses built with hundreds of millions of rupiah in village funds have ultimately stalled due to a lack of promotional support and participation from local youth. This loss of community involvement directly cripples BUMDes' operational revenues, so that business capital, initially sourced from separated village assets, is gradually depleted to finance the salaries of unproductive administrators. This reality reverses the initial hypothesis: instead of being a driving force for community economic independence, unaccountable BUMDes have instead become financial parasites that reduce the community empowerment budget in the Village Budget (APBDes).

The Urgency of a Sundanese Culture-Based Participatory Accountability Model as an Alternative Solution

As a way out of the impasse in village-owned enterprise (BUMDes) governance in Bogor Regency, this study proposes a reconstruction of the accountability model through the integration of modern accounting technical compliance (SAK EMKM) with Sundanese local wisdom. Financial governance has traditionally been viewed as a mechanistic-positivistic issue devoid of local socio-cultural values. However, the people of Bogor Regency possess strong cultural assets, such as the philosophy of Silih Asih, Silih Asah, Silih Asuh, and the spirit of Guyub. Internalizing these values within the village-owned enterprise (BUMDes) financial governance system can minimize social resistance and foster organic participatory oversight.

The principle of Silih Asah (Mutual Guidance) can be transformed into an obligation for BUMDes administrators who have received training to mentor and share their financial management knowledge with small business groups in the village, so that the BUMDes' existence has a direct educational impact. The principle of Silih Asuh (Mutual Care/Guidance) is realized through the establishment of informal community discussion forums held periodically outside the formal and rigid Musdes mechanism. In these friendly forums, BUMDes administrators present financial developments using simple infographics that are easy for ordinary citizens to understand, rather than using complex accounting tables. This radical openness, wrapped in a local cultural approach, will foster a sense of collective ownership among the community towards the BUMDes. When residents feel respected and involved in overseeing village funds, social trust will naturally recover. This strong social trust will motivate the community to actively participate in BUMDes business units, use village products, and build healthy partnerships. This transformation of governance from a top-down bureaucratic to a participatory-cultural one is the main key for BUMDes in Bogor Regency to be able to free themselves from the shackles of "suspended death" and transform into true pillars in realizing sustainable economic independence for rural communities.

CONCLUSION

This study concludes that the governance and financial accountability of Village-Owned Enterprises (BUMDes) in Bogor Regency still face serious institutional challenges, as their position as hybrid organizations has not been managed professionally. Current governance is still dominated by local political intervention from the Village Government, which has implications for weak operational management independence and interest bias in strategic decision-making. From a financial accountability perspective, most BUMDes have not been able to adopt the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) due to limited technical capacity of human resources and the absence of a sustainable support system. Partial, closed-minded financial reporting practices, oriented solely toward fulfilling vertical-bureaucratic obligations to the local government, have triggered acute information asymmetry. This condition, in turn, undermines community social trust, triggers apathy, and breaks the economic value chain between BUMDes and local residents. Therefore, the main target of promoting economic independence in rural communities remains far from being achieved.

As a theoretical and practical contribution, this study formulates that restoring the function of BUMDes as a pillar of the people's economy requires a paradigm shift from bureaucratic accountability to a participatory accountability model integrated with local Sundanese cultural wisdom, such as the philosophy of Silih Asih, Silih Asah, Silih Asuh and the principle of Guyub. The strategic recommendations proposed for BUMDes managers are the importance of building radical information transparency through informal community discussion forums and the use of financial infographics that are easily understood by the general public in order to restore public legitimacy. For the Bogor Regency Government and the Community and Village Empowerment Agency (DPMD), it is recommended to draft governance regulations that provide a clear demarcation between the advisory function (Village Head) and operational management, as well as changing the coaching pattern from instant socialization to an accounting technology mentoring program embedded at the village level.

This study is limited by its focus on Bogor Regency and the use of a qualitative case study approach, so generalizing the findings to regions with different cultural characteristics requires caution. Based on these limitations, a suggested future research agenda is to conduct a large-scale, mixed-methods comparative study to quantitatively test the effect of this culture-based participatory accountability model on the financial performance of village-owned enterprises (BUMDes) and the growth rate of MSMEs in various regions in Indonesia.

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